



ABN 44 079 902 499

HALF YEAR FINANCIAL REPORT

**FOR THE HALF YEAR ENDED
31 DECEMBER 2008**

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COMPANY INFORMATION

Directors

T E J Streeter Chairman and Non-Executive Director
B Senegue Managing Director
G T Clifford Non-Executive Director
Y Tian Non-Executive Director

Secretaries

T Lee
J Brown

Registered Office

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Facsimile: (08) 9318 5666
ABN: 44 079 902 499

Auditors

Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
Perth WA 6005

Share Registry

Computershare Investor Services Pty Ltd
45 St George's Terrace
Perth WA 6000
Telephone: (08) 9323 2057
Facsimile: (08) 9323 2033

Stock Exchange Listing

Fox Resources Limited shares are listed
on the Australian Stock Exchange
(Home Exchange – Perth)
ASX Code: FXR

Lawyers

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QV1 Building
250 St Georges Terrace
Perth, WA 6000

Bankers

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108 St Georges Terrace
Perth, WA 6000

Website

www.foxresources.com.au

DIRECTORS' REPORT

The Directors present the financial report of the consolidated entity for the half year to 31 December 2008 and the independent review report thereon.

Directors

The names of the directors of the Company during or since the end of the half year are:

Terry Streeter
Bruno Seneque
Geoffrey Clifford
Yulong Tian
Don Harper (Resigned 11 August 2008)

REVIEW OF OPERATIONS

NICKEL & COPPER PRODUCTION

In the December 2008 half year the Radio Hill operation was placed into care and maintenance as a result of the plunging nickel prices and increase in strengthening of the Australian dollar (at the time).

Mining Activities

Underground mining activities were suspended in July 2008. The mill continued to process the surface stockpiled ore up until September 2008, whereby the last shipment of concentrate was shipped from the Port of Dampier to Fox's off-take partner.

Processing Activities

Although the underground mining activities were suspended in July 2008, the mill continued operating to process the surface ore stockpiles up until September 2008. The three months of production during the December half year delivered 228t of nickel metal and 320t of copper metal and produced a total bulk concentrate of 4,728 dry metric tonnes. This last bulk concentrate shipment was shipped to Jinchuan Limited Group, China's largest nickel producer on 26 September 2008

Occupational Health and Safety

Although mining and processing activities ceased during the half year, health and safety of all contract and Fox personnel remains paramount during the phase of "Care and Maintenance". All OHSE policies and procedures continue to form the basis of our exploration and suspension activities. The past six months have been Lost Time Injury Free, Medical Treatment Injury Free and Disabling Injury Free which is an excellent result. Ongoing communication and awareness continue to be the priority of Fox Resources.

Environment and Cultural Heritage

Fox Resources continue to preserve the environment by preventing any environmental impacts during "Care and Maintenance". The period during suspended activities will be utilised to remediate where possible and introduce more proactive controls in readiness for future operations. Fox have maintained a very close relationship with the NAC in identifying and preserving any sites or artefacts of cultural significance. Both environmental and cultural impacts are foremost in our exploration program planning.

EXPLORATION

NICKEL & COPPER EXPLORATION

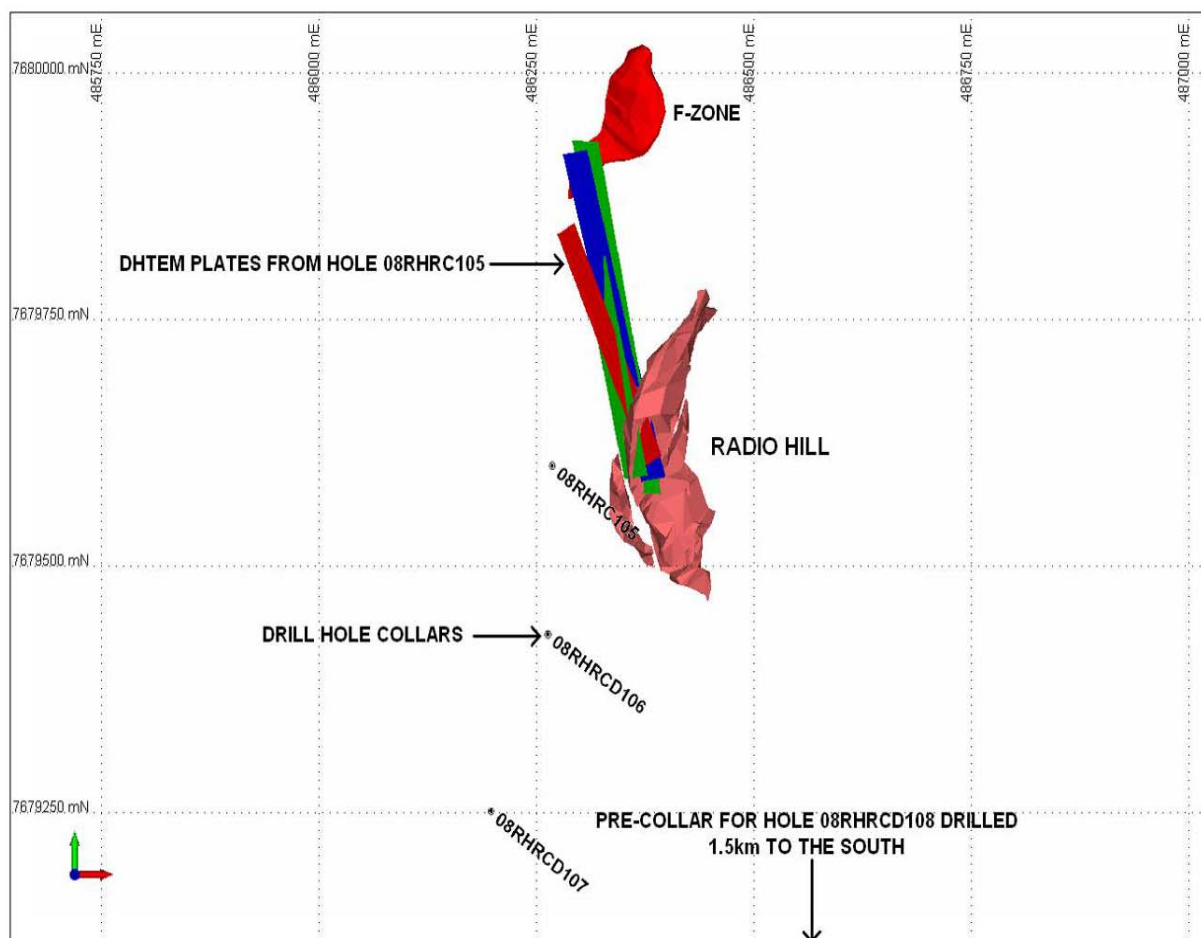
Radio Hill

During the latter half of 2008, Fox's exploration activities were primarily focused on near mine exploration of the Radio Hill ore body. Initial work completed during the period included downhole transient electromagnetic (DHTEM) surveys in two holes and two pre-collars being drilled in preparation for diamond drill testing of the down plunge potential of both the Radio Hill and F-Zone mineralisation.

The DHTEM survey showed a weak off-hole anomaly located between F-Zone and the Radio Hill lodges in hole 08RHRC105 (see Figure 1). This anomaly was interpreted to be sulphide mineralisation connecting the two ore bodies and may potentially be a feeder system for the Radio Hill intrusion and therefore represent an exploration opportunity for the discovery of further economic sulphide accumulations in the immediate vicinity of the mine. No DHTEM anomaly was identified in hole 08RHRC106.

Pre-collars to holes 08RHRC107 and 08RHRC108 (see Figure 1) were drilled, but a decision was made to postpone completing the holes pending a detailed re-evaluation of the prospectivity of the Radio Hill area.

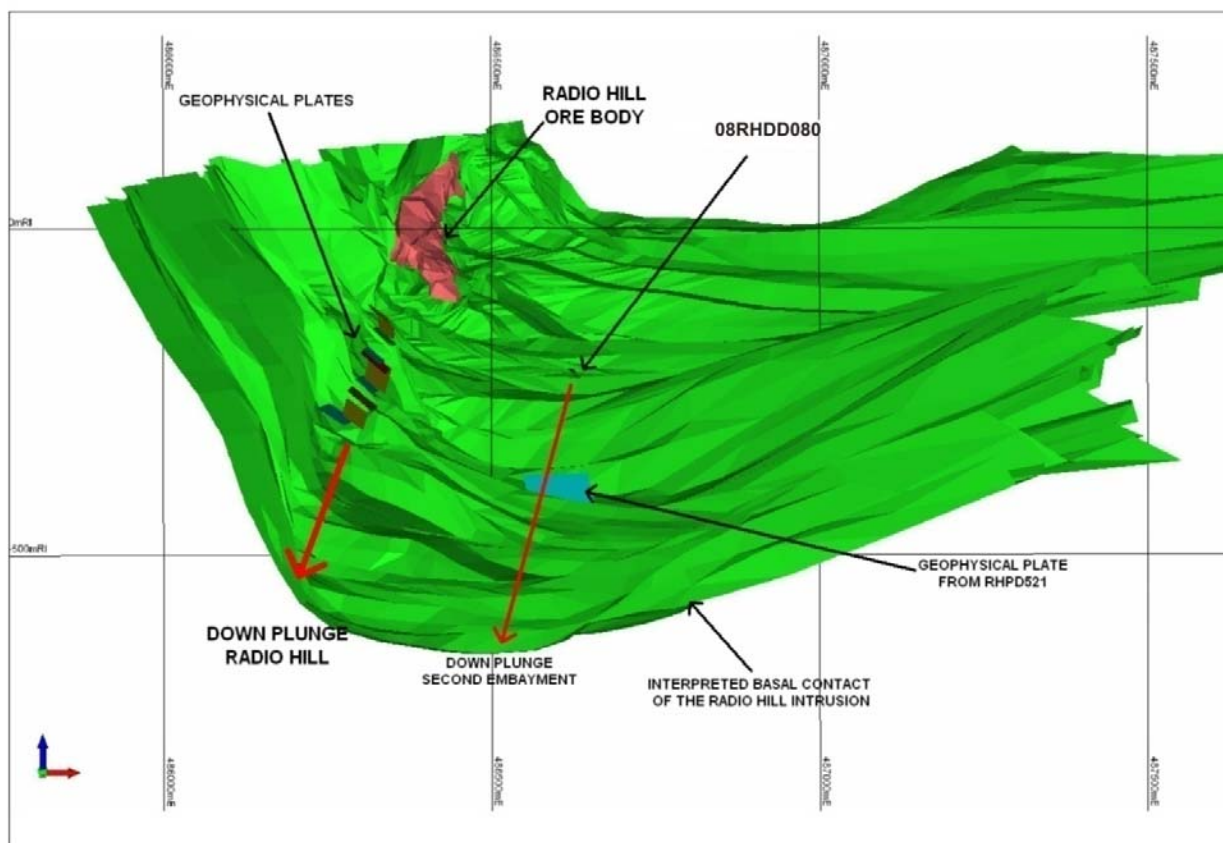
Figure 1: Plan view of Radio Hill and F-Zone with DHTEM plates from 08RHRC105



In the latter part of the year Newexco Services Pty Ltd was engaged to manage exploration activities for Fox Resources, with the initial focus being the re-evaluation and interpretation of the geological and geophysical information at Radio Hill. With this new information the geology of Radio Hill is being re-interpreted with the aim of identifying embayments (or keels) within the Mine Gabbro the floor of the, Radio Hill intrusion (see Figure 2).

The Mine Gabbro is the basal unit of the Radio Hill intrusion that hosts the sulphide mineralisation, with the embayments being the favoured locations for the accumulation of sulphides and the development of massive sulphides. Historical surface drilling is currently being re-logged to refine the modelled position of the lower surface of the Radio Hill intrusion and assist in the interpretation of the location of basement embayments. An updated 3D basement model should be completed in early 2009.

Figure 2 : Cross section showing the basal contact of the mine gabbro (looking NNW).



As part of this work, a possible second keel located sub parallel to the main Radio Hill lode was also identified. Massive sulphide located in hole 07RHDD080 (1.5m @ 2.7%Ni from 324m) has been intersected in this area previously. Four existing holes have been identified for opening and DHTeM surveying in early 2009, to assist in the location of any additional massive sulphide along this trend. These four holes are strategically located in the northern end of an interpreted second embayment (K2) of the intrusion. DHTeM results from these holes will be used to assist targeting of future drilling.

In line with the company's strategy to investigate the possibility of returning to production with a higher tonnage operation, work has begun to re-examine the extensive disseminated sulphide mineralisation adjacent to the existing mine workings. Geological re-logging and sampling of over 500 underground drill holes from around and down plunge of the mine is being undertaken. The results of this work will be utilised to produce an estimate of this disseminated Resource in the first quarter 2009.

In addition to the known disseminated sulphide mineralisation, work to-date highlights the probability that the disseminated system extends down plunge of the mine for at least 600m. To test this model, Newexco compiled and re-modelled existing geophysical data to help identify new targets for drill testing within this mineralised corridor. Previously identified off hole conductors shown as geophysical plates in Figure 2 and Figure 3 re interpreted to represent the down plunge extension of Radio Hill. Several historic drill holes within this trend which previously were not surveyed with DHTEM were identified and surveyed. This exercise extended geophysical coverage down plunge, where the depth to the basement exceeds the depth that surface geophysical surveys have penetrated.

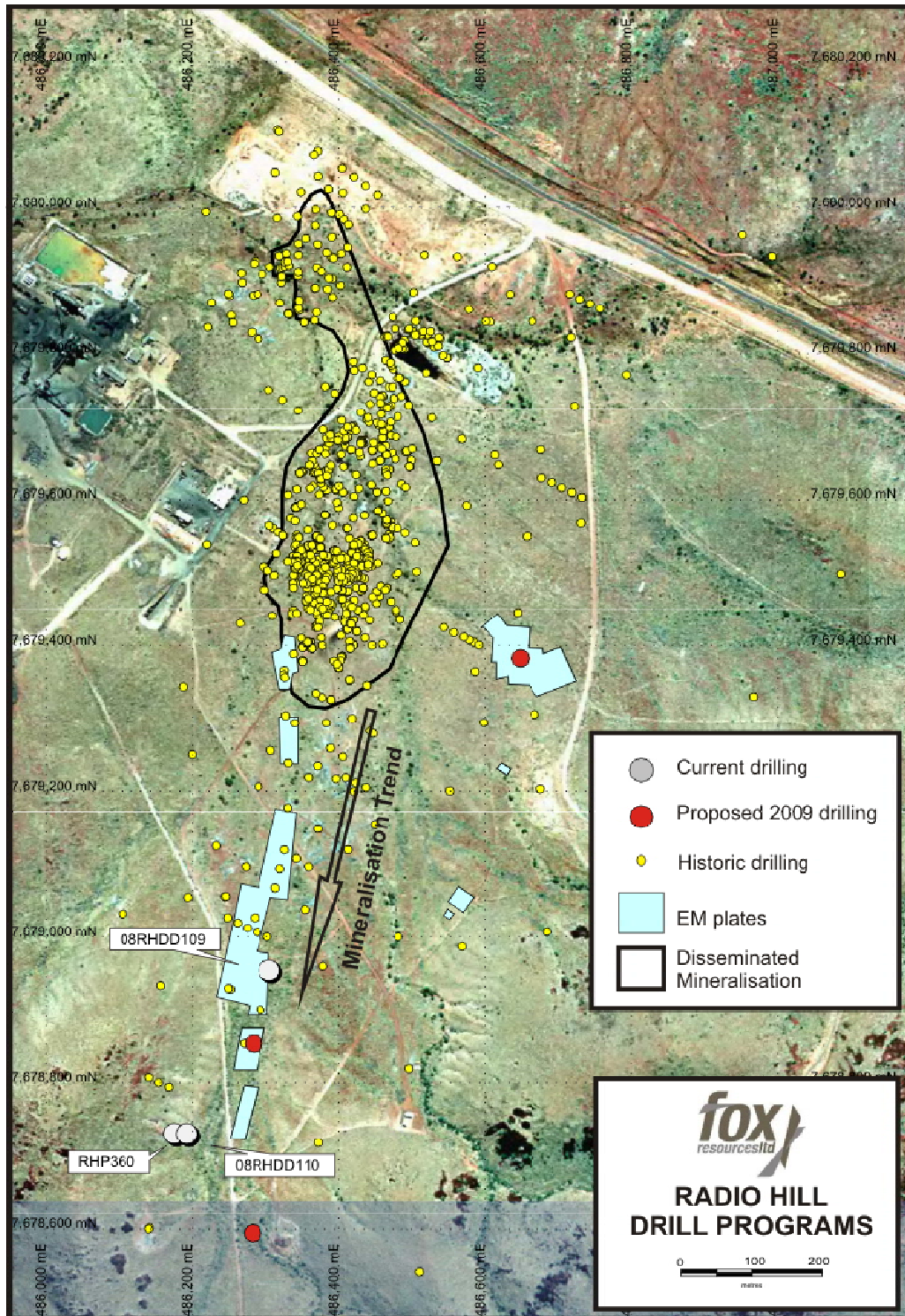
As a result of the geophysical modelling, a 2,000 metre drilling programme (Figure 3) was planned to test the string of electromagnetic (EM) anomalies for the presence of economic mineralisation between 400 metres and 600 metres down plunge of mine workings. Drilling commenced in early December 2008 with the extension of hole RHP360 to 492 metres. This hole provided a platform for DHTEM surveys to investigate the Mine Gabbro for conductive sources. DHTEM was completed from 300 metres to 490 metres. Interpretation of these data, in conjunction with existing data, identified an off-hole anomaly with an extensive conductive source located to the east of the hole. The bulk of the source is striking towards the north and has a conductivity thickness consistent with a heavily disseminated/matrix sulphide accumulation.

The second hole 08RHDD109 was collared 240 metres north from RHP360 and some 400 metres south of current mine workings. This hole was targeted at the northern end of the off-hole anomaly in RHP360 and various other holes being part of the string of plates leading down plunge from the mine. This hole intersected Mine Gabbro with 56 metres of disseminated sulphide mineralisation, including 6.4m @ 0.9% nickel and 1.1% copper from 360m down hole depth. No massive sulphide was encountered on the basal contact. Interpretation of the subsequent DHTEM survey indicates this hole intersected the target.

The third hole 08RHDD110 was targeted at off-hole anomalies located in the RHP360 extension and hole RHPD069. Hole 08RHDD110 was at a depth of approximately 360 metres in Mine Gabbro at the end of 2008. DHTEM suggests that this hole was approaching a conductor consistent with highly disseminated to matrix style sulphide mineralisation.

Although incomplete, work to date implies there is a high probability of an extensive disseminated mineralised system not only above the existing mine, but also extending down plunge of the mine for at least 600m.

Figure 3: Radio Hill exploration programme 2008/2009



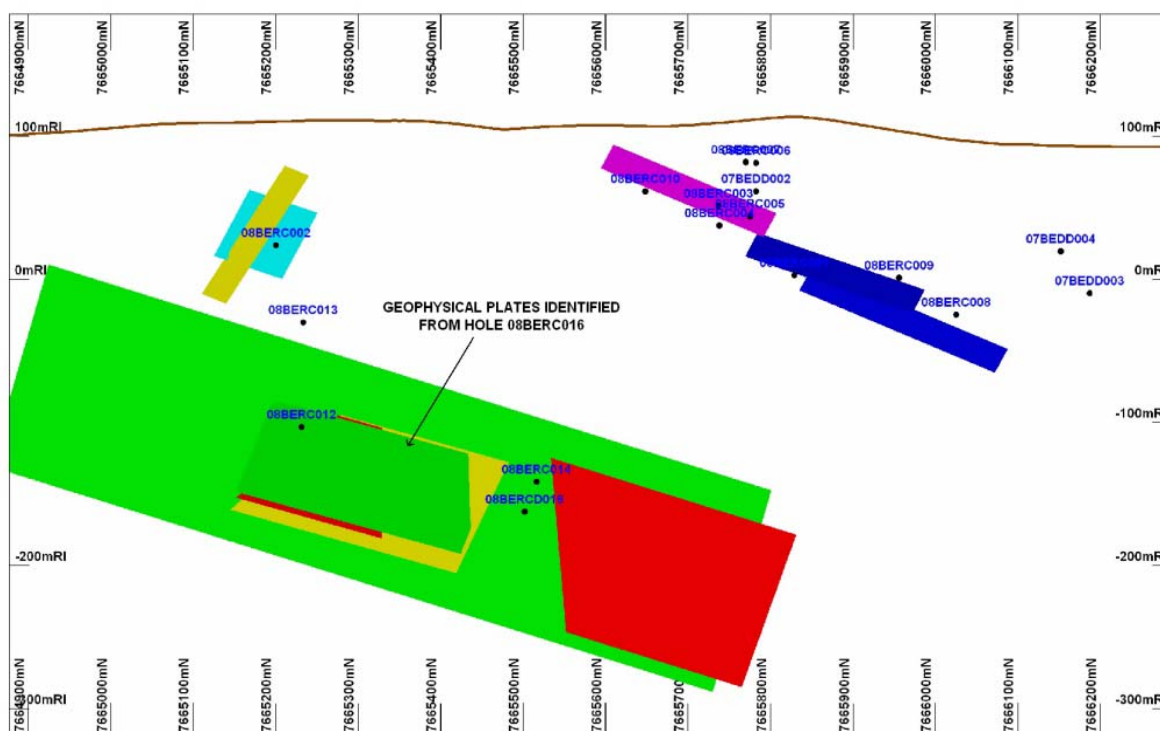
Bertram Exploration

Assays for holes 08BERC014 and 08BERC016 were received during the latter half of the year and returned the following intersection from 08BERC016:

Drillhole	From (m)	To (m)	Interval (m)	Ni (%)
08BERCD016	262.5	282	19.5	0.34
including	271.34	271.64	0.30	1.13

Both holes intersected channel-style komatiite, bearing anomalous nickel values. DHTeM identified a strong conductor in the vicinity of hole 08BERCD016, which has yet to be tested.

Figure 6: Bertram Geophysical Conductors Identified In Recent Exploration



The area continues to be of interest to Fox, being a second-order nickel target, and further exploration is planned for the coming year. Fox and Newexco staff will compile data in a manner similar to the exercise being conducted at Radio Hill and it is anticipated that this will generate targets for further work.

Regional Exploration

Existing geochemical data is being compiled into a regional database to assist in the identification and prioritisation of targets. Assay results from the De Beers sampling programmes on the exploration licences (E47/1834 to E47/1836) to the south of Radio Hill have been received and are being added to this database. Several anomalies have already been identified in E47/1223, an exploration tenement to the east of Radio Hill. These anomalies include a:

Gold (soil) anomaly which appears coincident with a white mica response in the hyperspectral data.

Au-As-Te-Bi-W anomaly

Zn-Pb-Cd anomaly.

IRON ORE EXPLORATION

The Mount Oscar project area is on granted Exploration Licence E47/1217 located 30km south of the port of Cape Lambert (see Figure 1). This location gives the project significant advantages in terms of access to infrastructure and vital services. Gas, water and power are all within 20km of the project and port facilities are 30km from the project.

The project area is in the southern area of the E47/1217 tenement where explorations efforts have been focused on an isolated occurrence of the Cleaverville Formation – there is limited exposure of the Cleaverville Formation south of the Scholl Shear zone.

The project area consists of steep structurally deformed Banded Iron Formation (BIF) ridges adjacent to chert, jasperite and dolerite. Valleys between the BIF ridges consist of recent Colluvial and Alluvial sediments – these are the headwaters of the modern drainage that flows into the Harding River.

BIF ridges are vertical or sub-vertical with extensive displacement due to faulting – they are overlain by a metamorphosed sandstone conglomerate in the North-Eastern section of the project area. The project area is bounded to the South and the East by the Mount Roe Basalt of the Fortescue Group.

The sub-vertical and outcropping BIF's are coincident with a regional magnetic high. A detailed airborne high resolution magnetic survey flown in August 2007 defined five discrete magnetic anomalies which are particularly strong in intensity. There is approximately 10 kms strike length of BIF that correspond to the magnetic anomalies - these BIF ridges host significant quantities of Magnetite mineralisation. The Magnetite horizons all overly dolerite intrusives and are overlain by mafic volcanics which may be interbedded with the BIF near the contact.

Drilling Programs

Due to the rugged topography within the Mount Oscar project area and lack of ground access diamond drilling was done with a helicopter supported rig and holes were collared where suitable access was available at the top of BIF ridges. A helicopter supported diamond drilling program commenced on the 16th June 2008 at the two highest priority anomalies, Anomaly 1 and Anomaly 2 with a total of 7 holes were drilled for 694 meters. Magnetite mineralisation was intersected within BIF units of up to 80 meters apparent thickness.

An access track was bulldozed to anomalies 1 and 2 during August 2008 in preparation for the RC drilling program. RC drilling commenced on the 4th September 2008 and was done using a track mounted rig with holes being collared near the base of the BIF ridges to test extensions of mineralisation at depth. Magnetite rich BIF horizons of up to 178 meters in apparent width have been encountered at Anomaly 1 and 2 which both have a strike length of approximately 1 km.

A total of 27 RC holes have been drilled for 5283 meters (see Figure 2). A total of 713 DTR samples were sent to Amdel laboratories in Kewdale for processing.

Significant Intercepts are listed in Table 1

Metallurgical Testing

A 130kg bulk sample from holes RC01 and RC03 was delivered to Promet Engineering of Perth for Metallurgical test-work. Results from these tests indicate that the Mount Oscar ore can produce a saleable concentrate using conventional crushing, grinding and flotation techniques.

Silica levels in concentrate were successfully reduced from a worst case level of 17.2% to 6.9% using Reverse Flotation. Mass recovery levels from ore to concentrate are expected to be similar to those of other Magnetite projects in the Pilbara. The company is confident that a target level of 5% silica in concentrate can be achieved given that average silica levels are below that of the bulk sample.

Further metallurgical test-work is planned to confirm this silica reduction strategy and to optimise reverse flotation techniques.

Resource Estimate

Data from the RC and Diamond drilling programs conducted at Mt Oscar during 2008 will be used to produce an initial resource estimate for the project. This resource estimate should be completed by the end of the 1st quarter 2009.

Table 1: Drill Hole Intercepts

Hole ID	LOCATION		SAMPLE			Head Fe (%)	Mass Recovery (%)	DTR Results					
	Easting (MGA94)	Northing (MGA94)	From (m)	To (m)	Interval (m)			Conc Fe (%)	Conc SiO2 (%)	Conc Al2O3 (%)	Conc P (%)	Conc S (%)	Conc LOI (%)
	08ORRC002	519000	7686205	131	215			84	36.93	51.16	57.35	16.54	0.916
	Including		160	208	48	38.78	58.14	57.03	17.17	0.942	0.035	0.01	-1.04
08ORRC003	518789	7686156	48	88	40	35.37	47.58	57.39	15	0.917	0.043	0.024	0.23
			96	128	32	36	53.24	58.05	15.69	0.786	0.038	0.014	-1.4
08ORRC004	518789	7686155	32	56	24	35.3	46.75	56.02	15.43	1.217	0.044	0.024	1.18
			64	108	44	34.08	49.32	57.03	16.8	0.861	0.037	0.012	-1.33
08ORRC005	518636	7686161	52	135	83	35.32	40.1	60.54	12.8	0.6	0.038	0.046	-1.21
08ORRC006	518636	7686160	44	109	65	35.55	44.11	59.31	14.21	0.669	0.039	0.043	-0.96
08ORRC008	518271	7686156	195	243	48	31.93	37.05	60.18	12.94	1.096	0.036	0.056	-0.5
08ORRC011	518120	7686292	115	138	23	32.39	42.61	57.11	17.45	1.19	0.038	0.026	-0.78
08ORRC012	518549	7686154	23	67	44	32.76	26.89	55.43	12.83	0.561	0.039	0.068	4.92
			83	135	52	31.3	31.11	58.98	12.28	0.477	0.041	0.027	1.15
08ORRC013	518549	7686153	22	58	36	33.59	35.99	56.87	14.84	0.773	0.037	0.124	1.19
			66	118	52	34.46	32.38	59.07	11.77	0.406	0.04	0.017	1.69
08ORRC014	518996	7686211	154	178	24	34.6	38.36	64.13	8.72	0.647	0.045	0.012	-1.06
			243	280	37	34	37.87	61.48	12.42	0.629	0.036	0.104	-0.26
08ORRC015	518792	7686157	28	60	32	32.2	29.2	61.1	11.4	0.74	0.043	0.047	-0.78
			76	116	40	34.6	46.8	57.0	16.2	1.04	0.044	0.015	-0.52
			120	176	56	35.2	37.4	60.6	12.8	0.58	0.035	0.038	-0.34
			180	229	49	33.2	36.9	62.4	10.6	0.71	0.033	0.05	-0.56
08ORRC016	518633	7686162	9	37	28	33.4	29.0	58.2	13.0	0.55	0.04	0.015	-0.09
			41	124	83	33.5	35.2	59.3	13.0	0.89	0.045	0.074	-0.39
			144	172	28	38.8	36.5	62.5	10.6	0.34	0.039	0.038	-0.26
			194	222	28	33.2	37.2	63.2	9.9	0.64	0.034	0.045	-0.50
08ORRC017	518551	7686156	39	90	51	33.4	30.5	60.4	10.1	0.73	0.039	0.098	-0.39
			102	158	56	36.2	38.3	61.8	10.9	0.26	0.041	0.036	-0.07
			162	187	25	30.6	32.1	61.5	10.9	0.94	0.039	0.024	-0.75
08ORRC021	517128	7686289	145	169	24	34.1	25.1	68.2	4.5	0.19	0.012	0.006	-1.38

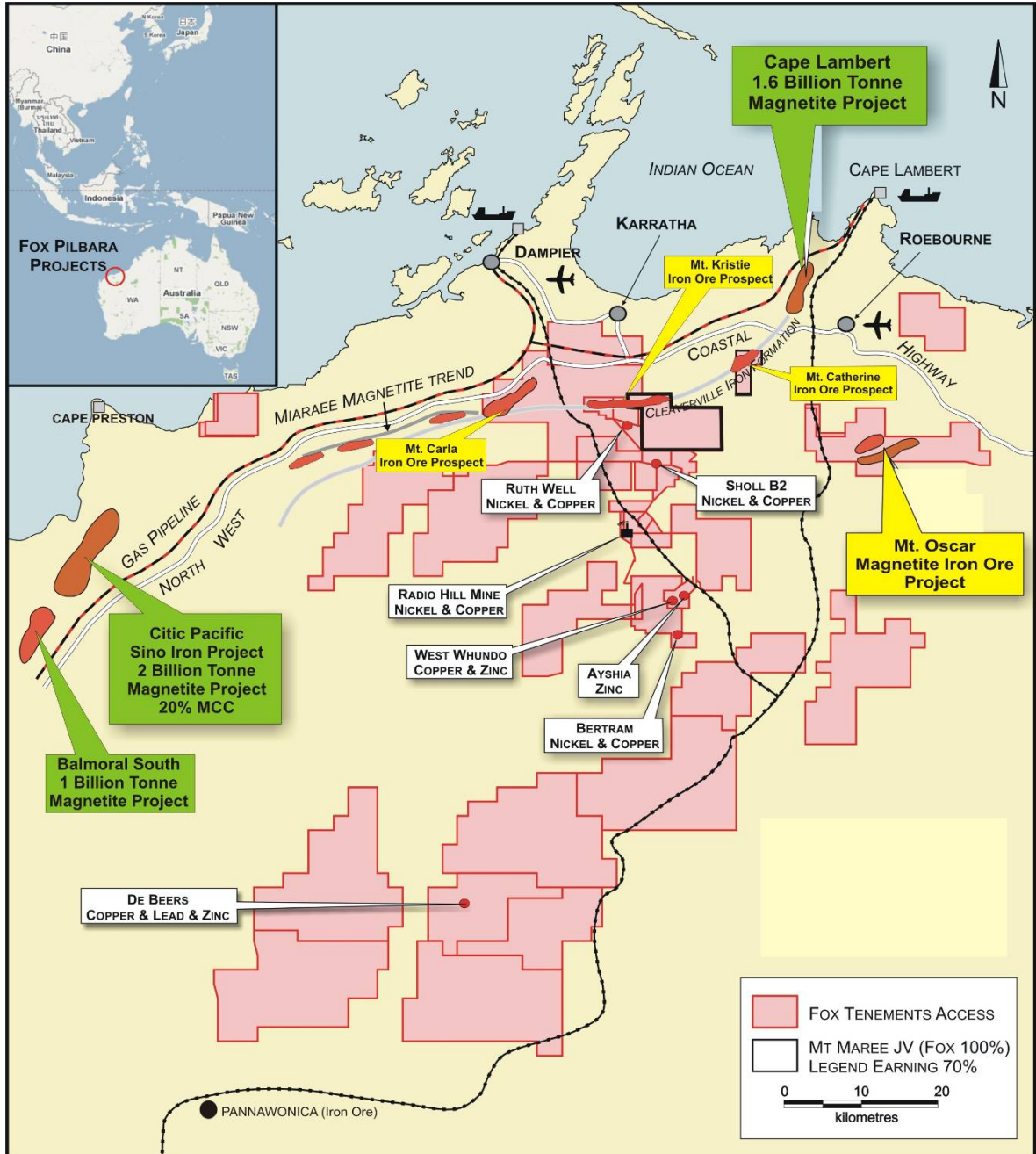
Table 1: Drill Hole Intercepts (ctd)

Hole ID	LOCATION		SAMPLE			Head Fe (%)	Mass Recovery (%)	DTR Results					
	Easting	Northing	From	To	Interval			Conc Fe (%)	Conc SiO2 (%)	Conc Al2O3 (%)	Conc P (%)	Conc S (%)	Conc LOI (%)
	(MGA94)	(MGA94)	(m)	(m)	(m)			(%)	(%)	(%)	(%)	(%)	(%)
08ORRC022	517204	7686266	56	104	48	35.9	32.5	60.9	12.2	0.59	0.028	0.059	-0.26
	517204	7686266	124	173	49	35.3	34.7	63.5	9.9	0.31	0.013	0.014	-0.47
08ORRC024	517294	7686218	27	132	105	35.5	35.6	60.9	11.5	0.43	0.031	0.048	-0.55
08ORRC025	517295	7686219	55	99	44	37.3	31.2	61.3	11.3	0.41	0.029	0.062	-0.42
08ORRC026	517505	7686100	50	132	82	39.2	47.6	60.9	13.3	0.49	0.038	0.024	-0.69
08ORRC027	517505	7686100	51	147	96	33.8	47.9	57.9	16.3	0.89	0.044	0.024	-0.51
08ORDD001	517115	7686148	14	50.4	36.4	39.6	31.0	63.0	8.8	0.32	0.018	0.008	-0.02
08ORDD003	517201	7686120	64.5	90.4	25.9	36.0	34.8	63.4	9.9	0.28	0.022	0.025	-0.6
08ORDD005	518720	7686022	70.5	114	43.5	35.9	40.2	60.6	12.7	0.89	0.024	0.026	-0.39
08ORDD006	518925	7686099	140	164.85	24.85	31.7	32.2	58.9	14.0	1.24	0.049	0.061	-0.54

1. Intercept widths are apparent not true
2. Sample intervals are based on 4 meter composites
3. Each composite is individually tested by DTR, with all composite results averaged for the interval
4. Minimum interval 20 metres, maximum internal waste 8 metres
5. DTR head samples prepared to nominally 80% passing 25 micrometers
6. Assays performed by AMDEL Limited (IML laboratory) with chemical analysis by X-ray Fluorescence Spectrometry (XRF).

DIRECTORS' REPORT (continued)

Figure 1: Mt Oscar Iron Ore Project showing other Magnetite projects and proximity to major Ports and infrastructure



DIRECTORS' REPORT (continued)

Figure 2: Anomalies 1 & 2 showing Diamond Drilling and RC Collars

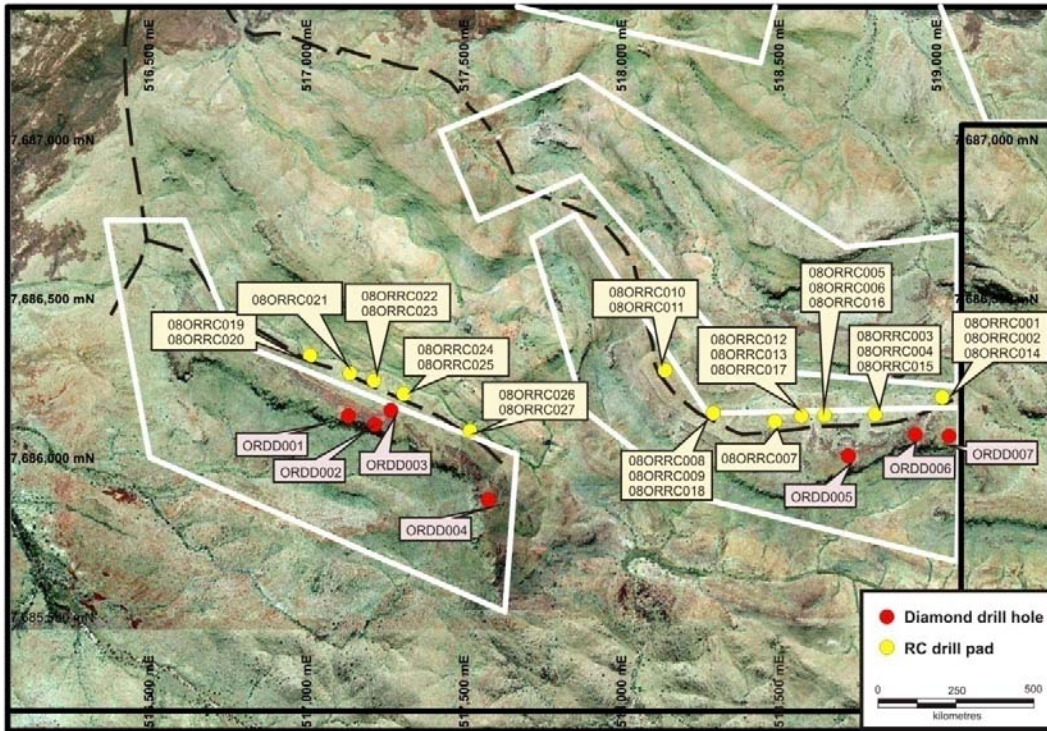
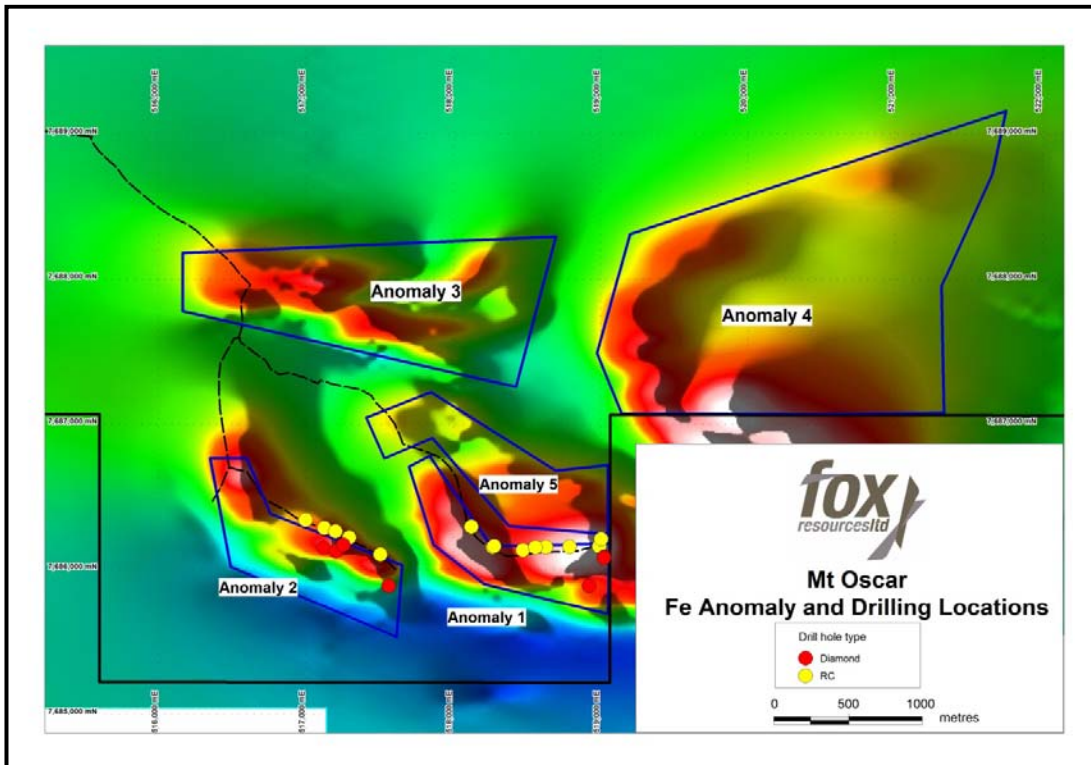


Figure 3: Aeromag Anomalies at Mt Oscar



DIRECTORS' REPORT (continued)

FINANCIAL AND CORPORATE

Income Statement

Total revenues for the half year were \$3.7 million (December half year '07 \$22.9 million) a decrease of \$19.2 million. The revenue was lower due to the decision made in July 2008 to place the Radio Hill operation into care and maintenance as result of the plunging nickel prices and strengthening of the Australian dollar (at the time). Gross loss for the half year was \$4.4 million (December half year '07 Gross loss \$1.7 million).

Cost of sales in the current period of \$8.1 million was lower compared to the half year ended 31 December 2007 due to the decision made in July 2008 to place the Radio Hill operation into care and maintenance as result of the plunging nickel prices and strengthening of the Australian dollar (at the time).

The loss incurred for the current period was \$7.4 million. Of the \$7.4 million net loss, 20% comprised of non-cash costs being depreciation, amortisation and share based payment expenses amounting to \$1.5 million.

Balance Sheet

Cash and cash equivalents decreased by \$13.5 million during the half year.

Total assets have decreased by \$13.8 million in the 6 months to December 2008. This decrease is primarily due to \$13.5 million in cash outflows, a decrease in ore inventories of \$2.6 million and decrease in trade receivables of \$1.0 million, which were offset by an increase of \$4.3 million in exploration expenditure.

Total current liabilities decreased by \$6.2 million during the half year reflecting a significant decrease in trade and other payables.

Cashflow Statement

The Company recorded net operating cash outflows of \$10.2 million during the half year, representing an increase in cash out flow over the previous corresponding period (December half year '07 cash outflow \$4.3 million), due primarily to the decrease in revenue receipts as a result of the Radio Hill operation being placed into care and maintenance as a result of plunging nickel prices and the strengthening of the Australian dollar (at the time).

The Company recorded net investing cash outflows of \$4.6 million during the half year, represented by exploration activities amounting to \$3.9 million, plant and equipment payments of \$ 0.7million and proceeds from the sale of plant and equipment of \$0.2 million.

The Company recorded net financing cash inflows of \$1.5 million during the half year, comprising of \$2 million in borrowings and \$0.5 million repayment on hire purchase.

EVENTS SUBSEQUENT TO HALF YEAR END

Subsequent to 31 December 2008 the Company has received two loans of \$500,000 from Jungle Creek Gold Mines Pty Ltd a related entity of Mr T E J Streeter on 23 January 2009 and 16 February 2009. Interest is charged on the loan at a rate of 9.6% payable quarterly. The loans are repayable on or before 30 June 2009.

Subsequent to 31 December 2008 the Company is actively pursuing funding options.

DIRECTORS' REPORT (continued)

AUDITOR INDEPENDENCE

Section 307C of the Corporations Act 2001, requires the Company's auditors, Grant Thornton Audit Pty Ltd, to provide the directors with a written Independence Declaration in relation to their review of the financial report for the half year ended 31 December 2008. A copy of the declaration is attached to this report.

For and on behalf of the board



Bruno Seneque
Managing Director

Dated: 13 March 2009

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF FOX RESOURCES LTD**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Fox Resources Ltd for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J W VIBERT
Director – Audit & Assurance Services

Perth, 13 March 2009

**INCOME STATEMENT
 FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Notes	Consolidated	
		31 December 2008 \$	31 December 2007 \$
Operating Revenue	3 (a)	3,719,334	22,962,921
Costs of sales	3 (c)	<u>(8,193,619)</u>	<u>(24,668,709)</u>
Gross Profit/(loss)		(4,474,285)	(1,705,788)
Other income	3 (b)	424,651	813,723
Other expenses	3 (d)	(3,029,017)	(2,580,279)
Finance costs	3 (e)	<u>(296,136)</u>	<u>(298,333)</u>
Profit/(Loss) before income tax expense		(7,374,787)	(3,770,677)
Income tax expense		<u>-</u>	<u>-</u>
Profit/(Loss) after income tax expense		<u>(7,374,787)</u>	<u>(3,770,677)</u>
Net profit/(loss) attributable to members of the parent		<u>(7,374,787)</u>	<u>(3,770,677)</u>
Basic earnings / (loss) per share - cents		(4.20)	(2.47)
Diluted earnings / (loss) per share - cents		(4.20)	(2.47)

The above statement should be read in conjunction with notes to the financial statements

**BALANCE SHEET
 AS AT 31 DECEMBER 2008**

	Notes	Consolidated	
		31 December 2008 \$	30 June 2008 \$
CURRENT ASSETS			
Cash and cash equivalents		231,776	13,711,308
Trade and other receivables		410,332	1,441,058
Inventories		200,352	2,829,722
Available for sale financial assets		22,700	22,700
Other		172,385	364,014
TOTAL CURRENT ASSETS		1,037,545	18,368,802
NON CURRENT ASSETS			
Exploration and evaluation expenditure		27,337,030	23,047,037
Mine properties	4	-	-
Property, plant and equipment	5	7,256,824	8,099,878
Other		1,178,009	1,060,280
TOTAL NON CURRENT ASSETS		35,771,863	32,207,195
TOTAL ASSETS		36,809,408	50,575,997
CURRENT LIABILITIES			
Trade and other payables		3,593,990	11,742,833
Interest bearing liabilities		3,002,096	1,079,395
TOTAL CURRENT LIABILITIES		6,596,086	12,822,228
NON-CURRENT LIABILITIES			
Interest bearing liabilities		3,938,896	4,415,994
Provisions		832,000	1,177,887
TOTAL NON CURRENT LIABILITIES		4,770,896	5,593,881
TOTAL LIABILITIES		11,366,982	18,416,109
NET ASSETS		25,442,426	32,159,888
EQUITY			
Issued capital	6	89,633,916	89,633,916
Reserves		5,809,331	5,152,006
Accumulated losses		(70,000,821)	(62,626,034)
TOTAL EQUITY		25,442,426	32,159,888

The above statement should be read in conjunction with notes to the financial statements

**CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Consolidated	
	31 December 2008 \$	31 December 2007 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	5,329,601	23,139,758
Payments to suppliers and employees	(15,092,487)	(26,480,014)
Sundry income	166,330	3,720
Royalty payments	(552,991)	(942,952)
Interest received	120,439	237,245
Interest and other costs of finance paid	(267,652)	(283,632)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	(10,296,760)	(4,325,875)
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for exploration activities	(3,984,619)	(3,476,259)
Payments for mine development	-	(50,000)
Payments for plant and equipment	(705,860)	(4,462,977)
Proceeds from sale of plant and equipment	222,199	2,165,000
Payments for rehabilitation bonds	(136,000)	-
Short term security deposits	(99,550)	(40,786)
Refund of security deposits	10,000	-
NET CASH FLOWS USED IN INVESTMENT ACTIVITIES	(4,693,830)	(5,865,022)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue/option conversion	-	108,100
Proceeds from borrowings	2,000,000	-
Repayment of borrowings	-	(1,500,000)
Payment of hire purchase liabilities	(488,942)	(512,135)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	1,511,058	(1,904,035)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,479,532)	(12,094,932)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	13,711,308	13,383,127
CASH AND CASH EQUIVALENTS AT END OF PERIOD	231,776	1,288,195

The above statement should be read in conjunction with notes to the financial statements

**STATEMENT OF CHANGES IN EQUITY
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	<i>Issued Capital</i>	<i>Accumulated Losses</i>	<i>Other Reserves</i>	<i>Total equity</i>
CONSOLIDATED				
At 1 July 2007	68,094,858	(33,886,216)	2,565,703	36,774,345
Loss for the period	-	(3,332,992)	-	(3,332,992)
Total income & expenses for the period	-	(3,332,992)	-	(3,332,992)
Issue of share capital	-	-	-	-
Exercise of options	108,100	-	-	108,100
Cost of share-based payment	-	-	525,223	525,223
At 31 December 2007	68,202,958	(37,219,208)	3,090,926	34,074,676

	<i>Issued Capital</i>	<i>Accumulated Losses</i>	<i>Other Reserves</i>	<i>Total equity</i>
CONSOLIDATED				
At 1 July 2008	89,633,916	(62,626,034)	5,152,006	32,159,888
Loss for the period	-	(7,374,787)	-	(7,374,787)
Total income & expenses for the period	-	(7,374,787)	-	(7,374,787)
Issue of share capital	-	-	-	-
Exercise of options	-	-	-	-
Cost of share-based payment	-	-	657,325	657,325
At 31 December 2008	89,633,916	(70,000,821)	5,809,331	25,442,426

The above statement should be read in conjunction with notes to the financial statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1. CORPORATE INFORMATION

The financial report of Fox Resources Ltd for the half year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 13 March 2009.

Fox Resources Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

The nature of the operations and principal activities of Fox Resources Ltd is the exploration, mining, processing and sale of nickel and copper concentrate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of Fox Resources Limited as at 30 June 2008.

It is also recommended that the half-year financial report be considered together with any public announcements made by Fox Resources Limited and its controlled entities during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

(a) Basis of preparation

The half-year financial report is a general-purpose condensed financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(b) New Accounting Standards and Interpretations

These interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 June 2008. The accounting policies have been applied consistently throughout the Group for the purpose of preparation of these consolidated interim financial statements.

The following applicable standards have been issued but have not yet been early adopted:

AASB 101 Presentation of Financial Statements (Revised 2007)

AASB 8 Operating Segments

AASB 123 Borrowing Costs (Revised 2007)

AASB 101 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. AASB 101 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. Further, a 'Statement of changes in equity' is now presented as a primary statement.

AASB 8 now reports segment results based on internal management reporting information that is regularly reviewed by the chief operation decision maker. In the previous annual and interim financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns.

AASB 123 Borrowing Costs (Revised 2007) requires the capitalisation of borrowing costs to the extent they are directly attributable to the acquisition, production or construction of qualifying assets that need a substantial period of time to get ready for their intended use or sale. Borrowing costs have been capitalised only for qualifying assets with a commencement date after 1 January 2009.

3. REVENUE, INCOME AND EXPENSES

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

	Consolidated	
	31 Dec 2008	31 Dec 2007
	\$	\$
a) Revenue from operations		
Revenue from sales of product	3,719,334	22,962,921
Total revenue	<u>3,719,334</u>	<u>22,962,921</u>
b) Other income		
Interest received	151,896	168,592
Sundry Income	80,481	3,720
Net gain on sale of plant and equipment	129,535	641,411
Other	62,739	-
Total other income	<u>424,651</u>	<u>813,723</u>
c) Cost of sales		
Production costs	7,276,438	21,264,034
Royalties - Government	158,955	912,084
Depreciation – plant & equipment	758,226	2,441,386
Amortisation of mineral properties	-	51,205
Total cost of sales	<u>8,193,619</u>	<u>24,668,709</u>
d) Other expenses		
Administration	2,279,965	1,591,178
Share based payment expense	657,325	962,908
Depreciation – plant & equipment	91,727	26,193
Exploration written off	-	-
Total other expenses	<u>3,029,017</u>	<u>2,580,279</u>
e) Finance costs		
Other loans including converting loan	39,065	218,522
Finance charges payable under hire purchase	257,071	79,811
Total finance expenses	<u>296,136</u>	<u>298,333</u>

4. MINE DEVELOPMENT

	Consolidated	
	31 December 2008	30 June 2008
	\$	\$
Production phase – at cost		
Balance at beginning of year	-	6,733,176
Expenditure incurred	-	730,999
Provision for amortisation	-	(303,233)
Impairment loss	-	(7,156,942)
	<u>-</u>	<u>(7,156,942)</u>
Total Production phase	<u>-</u>	<u>-</u>

As a result of the suspension of operations subsequent to the year ended 30 June 2008 the recoverable amount of mine properties and development expenditure was assessed. The recoverable amount estimation was based on value in use and was determined at the cash-generating level. A consequent impairment loss of \$7,156,942 was recognised in the income statement for the period ended 30 June 2008.

5. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	31 December 2008	30 June 2008
	\$	\$
Plant and equipment – at cost	21,998,919	29,049,241
Less: accumulated depreciation	(14,742,095)	(13,892,142)
Less: impairment loss	-	(7,057,221)
	<u>-</u>	<u>(7,057,221)</u>
Net carrying amount	<u>7,256,824</u>	<u>8,099,878</u>
Movement in property, plant and equipment		
At 1 July, net of accumulated depreciation		
And impairment	8,099,878	9,416,671
Additions	59,025	11,196,649
Disposals	(52,126)	(1,607,544)
Depreciation expense	(849,953)	(3,848,677)
Impairment loss	-	(7,057,221)
	<u>-</u>	<u>(7,057,221)</u>
At 31 December, net of accumulated depreciation	<u>7,256,824</u>	<u>8,099,878</u>

As a result of the suspension of operations subsequent to the year ended 30 June 2008 the recoverable amount of property, plant and equipment was assessed. The recoverable amount estimation was based on fair value less costs to sell via an independent valuation undertaken in August 2008. A consequent impairment loss of \$7,057,221 was recognised in the income statement for the period ended 30 June 2008.

The directors believe that the entity will be able to realise its assets in the normal course of business and at the amount stated in the half-year financial report.

6. CONTRIBUTED EQUITY

	Consolidated	
	6 months to 31 December 2008	12 months to 30 June 2008
	\$	\$
(a) Issued and paid up capital		
Ordinary shares fully paid	89,633,916	89,633,916
(b) Movement in shares on issue	Number of Shares	Number of Shares
Beginning of half year	175,411,830	152,256,830
Issue of ordinary shares	-	18,800,000
Issue of shares on conversion of options	-	4,355,000
	<u>-</u>	<u>4,355,000</u>
End of period	<u>175,411,830</u>	<u>175,411,830</u>

7. CONTINGENT ASSETS AND LIABILITIES

There were no changes in contingent assets and contingent liabilities since the last reporting date.

8. EVENTS SUBSEQUENT TO 31 DECEMBER 2008

Subsequent to 31 December 2008 the Company has received two loans of \$500,000 from Jungle Creek Gold Mines Pty Ltd a related entity of Mr T E J Streeter on 23 January 2009 and 16 February 2009. Interest is charged on the loan at a rate of 9.6% payable quarterly. The loans are repayable on or before 30 June 2009.

Subsequent to 31 December 2008 the Company is actively pursuing funding options.

9. SEGMENT INFORMATION

The consolidated entity operated predominantly in one geographical segment being Australia and one business, being mining and exploration of mineral resources.

10. RELATED PARTY INFORMATION

During the half year, loans of \$1,500,000 and \$500,000 were received from Jungle Creek Gold Mines Pty Ltd a related entity of Mr T E J Streeter on 13 November 2008 and 17 December 2008 respectively. Interest is charged on the loan at a rate of 9.6% payable quarterly. The loans are repayable on or before 30 June 2009.

11. CORRECTION OF ERRORS AND REVISIONS OF ACCOUNTING ESTIMATES

- (a) Correction of error in recording share based payment expense in the previous reporting period due to the inaccurate calculation of the employee share option value for each option for the year ended 30 June 2008, shared based payment expenses were understated by \$367,963. This error had the effect of understating consolidated Accumulated losses at 30 June 2008 by \$367,963 and understating consolidated Reserves at 30 June 2008 by \$367,963.

The error has been corrected by restating the each of the affected financial statement line items for the prior reporting period, as described above.

12. GOING CONCERN

The consolidated financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business, not withstanding the deficit in working capital of \$5,558,537 at balance date and a loss after tax of \$7,374,787 for the half-year ended 31 December 2008. The Directors believe the going concern basis is appropriate for the following reasons:

- The Company has commenced discussions with numerous interested parties in relation to a potential sale or joint venture agreement of its iron ore project, Mt Oscar.
- The Company is actively pursuing other funding initiatives.

Future cash flow projections have been made based upon the above initiatives raising significant funds in the near future. As at the date of this report the above initiatives have not been finalised. The future cash flows to be generated from these initiatives are anticipated to be sufficient to repay the remaining deficit in operating working capital.

The ability of the consolidated entity to continue to pay its debts as and when they fall due is dependant upon continuing to control expenditures, achieving future cash flow projections and/or raising additional capital.

Should the consolidated entity be unable to realise its future cash flow projections or raise additional capital, there is material uncertainty as to whether the entity can continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts recognised in the financial report.

In the event that the consolidated entity is unable to continue as a going concern, it may be required to realise all assets at amounts different from that recorded in the balance sheet, settle liabilities other than in the ordinary course of business, and make provision for other costs which may arise as a result of cessation or curtailment of normal business procedures. Having regard to the consolidated entity's current financial position, likely trading conditions and forecasts, the directors believe that the going concern basis is appropriate.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Fox Resources Limited, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2008 and of its performance for the half year ended on that date of the consolidated entity; and
 - (ii) comply with accounting standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Bruno Seneque
Managing Director

Perth, Western Australia
13 March 2009

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FOX RESOURCES LTD

We have reviewed the half-year financial report of Fox Resources Ltd, which comprises the consolidated interim balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year's end or from time to time during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards including the Australian Accounting Interpretations and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: Review of an Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Fox Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Fox Resources Ltd is not in accordance with the Corporations Act 2001, including:

- 1 giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- 2 complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without qualification to our conclusion above, we draw attention to Note 9 in the half-year financial report.

The consolidated entity had a working capital deficit of \$5,558,537 at balance date and incurred a loss after tax of \$7,374,787 for the half-year ended 31 December 2008 which indicates that the consolidated entity's ability to continue as a going concern is dependent upon the entity continuing to control expenditures, achieve forecast cash flow projections and/ or raise additional capital.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business and at the amount stated in the half-year financial report.

The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity be unable to continue as a going concern.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J W VIBERT
Director – Audit & Assurance Services

Perth, 13 March 2009